Missouri Housing Development Commission

Accountants' Report and Financial Statements

June 30, 2008

Strength, Dignity, Quality of Life

MISSOURI HOUSING DEVELOPMENT COMMISSION

Missouri Housing Development Commission
June 30, 2008

Contents

BKD LLP

Independent Accountants' Report on Financial Statements and Supplementary Information

The Commissioners
Missouri Housing Development Commission
Kansas City, Missouri

We have audited the accompanying balance sheet of Missouri Housing Development Commission (the Commission) as of June 30, 2008, and the related statements of revenues, expenses, and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Commission as of June 30, 2008, and the changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in *Note 11*, in 2008 the Commission retroactively changed its method of accounting for certain loans, loan origination fees and costs and mortgage-backed securities.

The accompanying management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Commission's basic financial statements. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

BKD, LLP

September 26, 2008

Missouri Housing Development Commission

Management's Discussion and Analysis

June 30, 2008

Our discussion and analysis of Missouri Housing Development Commission's financial performance provides an overview of the Commission's financial activities for the fiscal year ended June 30, 2008. Please read it in conjunction with the Commission's financial statements and accompanying notes.

Introduction – Missouri Housing Development Commission

The Missouri Housing Development Commission (the Commission) was established by the 75th Missouri General Assembly in 1969 and is the housing finance agency for the state of Missouri. The Commission is entirely self-supporting and does not draw upon the general taxing authority of the State. The Commission sells tax-exempt and taxable bonds and notes, for the purposes of financing owner-occupied residential mortgage loans for lower and moderate-income persons and providing construction and long-term financing for rental developments to be occupied by lower and moderate-income persons. The Commission's net assets are also a source of funding for such loans.

The Commission conducts other programs related to its housing finance activities, including administering the federal and state housing tax credits for the state of Missouri. The Commission also administers contracts for the Project Based Section 8 program, which provides rental subsidies from federal funds, on a fee basis.

Overview of the Financial Statements

This annual financial report consists of three parts: Management's Discussion and Analysis; the financial statements, including notes to the financial statements; and supplemental schedules. The Commission is a self-supporting entity and follows enterprise fund reporting, using the accrual basis of accounting. Enterprise fund statements offer short and long-term financial information about the activities and operations of the Commission.

2008 Financial Highlights

- Total assets were $2.3 billion, an increase of 4.9% from June 30, 2007.
- Fiscal year 2008 mortgage investment purchases and originations totaled $347.1 million as compared to $430.9 million in fiscal year 2007.
- Single Family Homeownership Loan Program and multifamily housing bonds issued totaled $180.2 million in fiscal year 2008 and totaled $336.2 million in fiscal year 2007. $166.0 million of the bonds issued in fiscal year 2008 and $295.0 million in fiscal year 2007 were rated AAA by Standard & Poor's Rating Services.
- Total revenues were $265.4 million in fiscal year 2008, an increase of 19.4% from fiscal year 2007. Excluding the net change in fair value of investments, total revenues were $239.2 million in fiscal year 2008, representing an increase of 7.2%.
- Net operating income, excluding the net change in fair value of investments, was $24.7 million in fiscal year 2008 as compared to $23.4 million in fiscal year 2007.
- Net assets increased $50.9 million (11.7%) as of June 30, 2008. Excluding the change in fair value of investments, net assets increased $26.0 million (5.4%) as of June 30, 2008.
- Standard & Poor's Rating Services continued the Commission's AA+ Issuer Credit Rating, with a rating outlook for the intermediate to longer term of stable.

Financial Position

The following table summarizes the Commission's current, restricted, and non-current assets and liabilities and displays restricted and unrestricted net assets as of June 30, 2008 and June 30, 2007.

Condensed Financial Information
Assets, Liabilities and Net Assets (in thousands)

	June 30, 2008	June 30, 2007 (As Restated)	Change ($)
Assets			
Current assets	$ 34,286	$ 45,265	$ (10,979)
Restricted investments	295,380	383,407	(88,027)
Restricted mortgage investments	1,711,254	1,562,506	148,748
Other restricted assets	73,966	63,783	10,183
Capital assets	771	917	(146)
Other	159,511	113,945	45,566
Total assets	$ 2,275,168	$ 2,169,823	$ 105,345
Liabilities			
Current liabilities	$ 2,184	$ 2,283	$ (99)
Current liabilities – payable from restricted assets	174,101	123,887	50,214
Long-term bonds payable	1,606,891	1,603,181	3,710
Other	7,441	6,781	660
Total liabilities	$ 1,790,617	$ 1,736,132	$ 54,485
Net Assets			
Invested in capital assets	$ 771	$ 917	$ (146)
Restricted	219,566	272,620	(53,054)
Unrestricted	264,214	160,154	104,060
Total net assets	$ 484,551	$ 433,691	$ 50,860

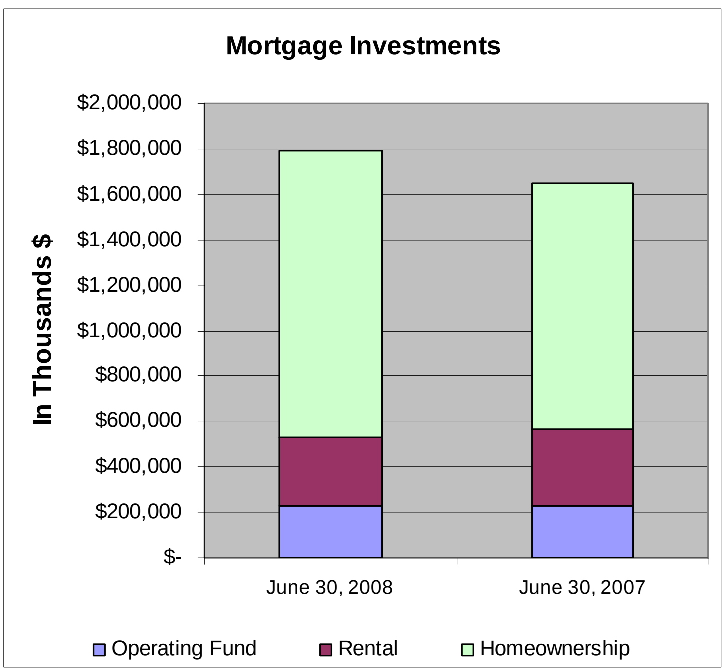
Investments

Investments consist of U.S. government and agency fixed rate securities, guaranteed investment agreement contracts, and overnight repurchase agreements. The Commission's investment policy emphasizes preservation of principal. At June 30, 2008, the Commission had $400.2 million in investments as compared to $450.0 million at June 30, 2007.

Mortgage Investments

The Commission's mortgage investments increased 8.8% during fiscal year 2008. Mortgage investments comprise 78.9% of the Commission's total assets at June 30, 2008, as compared to 76.1% at June 30, 2007. GNMA, Fannie Mae and FHLMC mortgage-backed securities (MBS) comprise 70.3% of the Commission's mortgage investments at June 30, 2008, compared to 65.8% at June 30, 2007. In fiscal year 2008 new loans totaled $347.1 million, with prepayment activity and change in fair value resulting in a net increase of $144.6 million in the mortgage investment portfolio as reported. The Commission's loan portfolio is low-risk, with over 99% of the homeownership loan portfolio being GNMA, Fannie Mae and FHLMC MBS and a significant portion of its bond-financed rental loan portfolio backed by FHA insurance. The Commission's loan loss reserve is 2.4% of total loans at June 30, 2008 (2.6% at June 30, 2007), which is allocated to uninsured loans, Risk-Share loans and related accrued interest on such loans.

The mix of mortgage investments among operating fund loans, rental, and homeownership bond-financed programs at June 30, 2008 and June 30, 2007, is depicted in the following chart:



The Commission's operating fund loans include loans financed by the federal HOME Investment Partnership Program totaling $124.9 million at June 30, 2008 as compared to $119.6 million at June 30, 2007. The Commission's rental loan portfolio includes FHA-insured Risk-Share mortgage loans, in which the Commission participates in fifty percent of the insured risk. These loans totaled $161.7 million at June 30, 2008 and $171.2 million at June 30, 2007.

Debt

At June 30, 2008, the Commission had $1.69 billion in bonds and notes outstanding as compared to $1.64 billion outstanding at June 30, 2007.

During fiscal year 2008, new debt resulted from issuance of three series of homeownership mortgage revenue bonds, which totaled $166.0 million, and eight rental housing revenue conduit bond series totaling $14.2 million. The overall net increase in debt during fiscal year 2008 resulted from the current year issuances that exceeded principal payments and redemptions. For additional information, see *Note 5*, Long-term Liabilities, in the Notes to Financial Statements.

Net Assets

The Commission continues to demonstrate a strong financial position. Excluding the effects of fair value reporting and conduit bond assets, the net worth ratio (net assets as compared to total assets) was 23.4% at June 30, 2008, as compared to 23.1% at June 30, 2007. Excluding unrealized gains and losses, net assets were $510.3 million at June 30, 2008 and $484.3 million at June 30, 2007, representing growth of 5.4% in fiscal year 2008 and growth of 4.1% in fiscal year 2007. A significant portion of the Commission's net assets are restricted by bond indenture, grant agreements and other legal requirements.

Operating Activities

The following table summarizes the Commission's revenues, expenses, and changes in net assets for fiscal years 2008 and 2007.

Condensed Financial Information
Revenues, Expenses and Changes in Net Assets (In Thousands)

	2008	2007	Change ($)
Operating Revenues			
Interest and investment income	$ 127,994	$ 91,050	$ 36,944
Grants and federal assistance	120,811	114,291	6,520
Other	16,566	16,965	(399)
Total operating revenues	265,371	222,306	43,065
Operating Expenses			
Interest expense	$ 78,792	$ 70,930	$ 7,862
Compensation and administrative expenses	11,949	11,702	247
Grants and federal assistance	116,727	107,043	9,684
Other	7,043	10,186	(3,143)
Total operating expenses	214,511	199,861	14,650
Change in Net Assets	$ 50,860	$ 22,445	$ 28,415

While the Commission continues to demonstrate strong financial activity, the economy and market conditions have affected financial results. During fiscal year 2008, overall revenues increased due, primarily, to fair value adjustments. Interest and investment income increased $36.9 million in fiscal year 2008 primarily due to the increase in the fair value of investments. Excluding the effects of fair value reporting, the change in net assets was an increase of $24.7 million in fiscal year 2008 and $23.4 million in fiscal year 2007, demonstrating continued financial strength. The return on average equity and the return on average assets, excluding the effects of fair value reporting and conduit bond-financed assets, were 4.14% and 0.96%, respectively, for fiscal year 2008.

Revenues

Interest and investment income totaled $128.0 million in fiscal year 2008 as compared to $91.1 million in fiscal year 2007 (an increase of 40.6% in fiscal year 2008). This income includes a fair value increase of $26.2 million in fiscal year 2008 and a fair value decrease of $0.9 million in fiscal year 2007. During fiscal year 2008 decreasing interest rates caused a corresponding increase in the value of the Commission's portfolio of mortgage-backed securities and other investments. Without the fair value adjustments, interest and investment income rose 10.7% in fiscal year 2008, reflecting the growth in the Commission's asset base and some increase in interest rates and earnings as compared to the prior year. Depending on future financial markets, interest rate fluctuations are expected to have continuing material effects on the Commission's financial statements.

Grants and Federal Assistance

Federal and state grant program revenues and expenses represent activity related to projects funded by the U.S. Department of Housing and Urban Development (including Section 8 Contract Administration and HOME Investment Partnership) and other federal and state programs. These revenues totaled $120.8 million in fiscal year 2008 as compared to $114.3 million in fiscal year 2007 while expenses incurred were $116.7 million in fiscal year 2008 and $107.0 million in fiscal year 2007. The fiscal year 2008 increase was primarily due to increased Section 8 Contract Administration rental assistance payments. These programs, along with federal and state tax credit programs, are integral to the Commission's achievement of its objectives. The Commission continues to make the most of federal government programs that serve its mission by utilizing those that provide resources that leverage its net assets and other resources to finance affordable rental and owner-occupied housing for Missourians.

Expenses

Interest costs were $78.8 million for fiscal year 2008 as compared to $70.9 million for fiscal year 2007 (an increase of 11.1% in fiscal year 2008). The fiscal year 2008 increase is primarily attributable to the overall increase in the level of debt outstanding and some increase in the rates on newer debt issues.

Beyond the costs associated with debt financing, the Commission's chief operating costs consist of compensation, facilities rent, information systems, professional services, and travel expenses. These costs totaled $11.9 million in fiscal year 2008 ($11.7 million in fiscal year 2007). Excluding the net change in the fair value of investments, these costs represented 5.0% of revenues in fiscal year 2008 as compared to 5.2% of revenues in fiscal year 2007.

Contacting MHDC's Financial Management

This financial report is designed to provide the Commission's stakeholders with a general overview of the Commission's finances and to demonstrate accountability of resources. If you have questions about this report or need additional financial information, contact Marilyn Lappin, Director of Finance, Missouri Housing Development Commission, 3435 Broadway, Kansas City, Missouri 64111 or visit our website at www.mhdc.com.

Missouri Housing Development Commission

Balance Sheet
June 30, 2008
(In Thousands)

Assets

Current Assets		
Cash and temporary cash investments	$	2,757
Investments		24,694
Mortgage investments		4,295
Accrued interest receivable		2,218
Accounts receivable – other		272
Prepaid expenses		50
Total current assets		34,286
Noncurrent Assets		
Restricted assets		
Cash and temporary cash investments		52,926
Investments		295,380
Mortgage investments		1,711,254
Accrued interest receivable		8,802
Deferred financing charges		12,195
Accounts receivable – other		43
Total restricted assets		2,080,600
Investments		80,161
Mortgage investments, net of current portion and allowances for loan losses of $42,796		79,350
Capital assets, less accumulated depreciation of $1,563		771
Total noncurrent assets		2,240,882
Total assets	$	2,275,168

Liabilities and Net Assets

Current Liabilities	
Bonds and notes payable	$ 515
Accounts payable	777
Deferred revenue	892
Total current liabilities	2,184
Current Liabilities – Payable From Restricted Assets	
Bonds and notes payable	80,249
Accrued interest payable	27,294
Escrow deposits	64,931
Rent subsidies and other payables	793
Accounts payable	834
Total current liabilities – payable from restricted assets	174,101
Noncurrent Liabilities	
Bonds and notes payable	1,000
Deferred revenue	7,441
Payable from restricted assets	
Bonds and notes payable	1,605,891
Total noncurrent liabilities	1,614,332
Total liabilities	1,790,617
Net Assets	
Invested in capital assets	771
Restricted	219,566
Unrestricted	264,214
Total net assets	484,551
Total liabilities and net assets	$ 2,275,168

Missouri Housing Development Commission

Statement of Revenues, Expenses and Changes in Net Assets

Year Ended June 30, 2008

(In Thousands)

Operating Revenues		
Interest and investment income		
Income – mortgage investments	$	83,803
Income – investments		18,027
Net increase in fair value of investments		26,164
Total interest and investment income		127,994
Administration fees		6,945
Other income		9,621
Federal program income		120,811
Total operating revenues		265,371
Operating Expenses		
Interest expense on bonds		78,792
Bond debt expense		365
Compensation		8,097
General and administrative expenses		3,852
Provision for loan and real estate owned losses		745
Rent and other subsidy payments		1,667
Housing Trust Fund grants		4,266
Federal program expenses		116,727
Total operating expenses		214,511
Change in Net Assets		50,860
Net Assets, Beginning of Year, as Previously Reported		337,775
Adjustments applicable to prior years		95,916
Net Assets, Beginning of Year, as Restated		433,691
Net Assets, End of Year	$	484,551

Missouri Housing Development Commission

Statement of Cash Flows

Year Ended June 30, 2008

(In Thousands)

Cash Flows From Operating Activities	
Interest received on mortgage investments	$ 87,372
Fees, charges and other	16,408
Principal repayments on mortgage loans	220,869
Disbursements of mortgage loans	(347,052)
Federal revenue	120,811
Federal expenses	(116,727)
Collection of tax credit fees	1,619
Cash payments for compensation, administrative and other costs	(8,097)
Other operating payments	(10,371)
Net cash used in operating activities	(35,168)
Cash Flows From Noncapital Financing Activities	
Retirement of principal on bonds	(212,966)
Proceeds from issuance of bonds	267,323
Interest paid on bonds	(80,114)
Deferred financing charges paid	(1,853)
Change in escrow deposits	2,854
Net cash used in noncapital financing activities	(24,756)
Cash Flows Used In Capital And Related Financing Activities	
Payments for capital assets	(204)
Cash Flows From Investing Activities	
Purchases of investments	(703,140)
Proceeds from maturities and sales of investments	803,670
Interest received on investments	18,027
Increase in purchased security agreements to resell	(46,760)
Net cash provided by investing activities	71,797
Net Increase in Cash and Cash Equivalents	11,669
Cash And Cash Equivalents, Beginning of Year	44,014
Cash and Cash Equivalents, End of Year	$ 55,683

Missouri Housing Development Commission

Statement of Cash Flows (Continued)

Year Ended June 30, 2008

(In Thousands)

Reconciliation of Increase (Decrease) In Net Assets To Net Cash Used In Operating Activities		
Increase in net assets	$	50,860
Adjustments to reconcile increase in net assets to net cash used in operating activities		
Depreciation		350
Net increase in fair value of investments		(26,164)
Amortization of discounts on loans		3,006
Amortization of deferred revenue		756
Income – investments		(18,027)
Provision for loan losses		745
Principal repayments on mortgage loans		220,869
Disbursements of mortgage loans		(347,052)
Interest expense related to bonds		78,792
Change in assets and liabilities:		
Decrease in accounts receivable		706
Decrease in accrued interest receivable		563
Decrease in prepaid expenses		5
Decrease in accounts payable		(577)
Net cash used in operating activities	$	(35,168)

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The Missouri Housing Development Commission (the Commission) is a body corporate and politic established on October 13, 1969 by Chapter 215 of the Missouri State Statutes. In accordance with the provisions of Chapter 215 and resolutions of the Commission, the Commission is authorized to make or purchase mortgage loans that are uninsured, partially insured, or insured or guaranteed by the federal government and to insure mortgage loans, the funds of which are to be used to develop new or rehabilitated low- and moderate-income housing. The Commission is also authorized to issue bonds for making or purchasing such loans. The outstanding balance of bonds applicable to loans not insured or guaranteed by a federal agency or to bonds rated lower than "AA" by rating agencies at the time of issuance shall not exceed $200,000,000. At June 30, 2008, the Commission had $97,630,000 of bonds outstanding applicable to loans that are not so insured or guaranteed or to bonds that are not so rated. Bonds issued by the Commission are not an obligation of the state of Missouri.

Reporting Entity

The Commission defines its reporting entity to include all component units for which the Commission is financially accountable. The extent of financial accountability is based upon several criteria including: appointment of a voting majority of the governing body, imposition of will, financial benefit to, or burden on a primary government and financial accountability as a result of fiscal dependency. No separate entities meet the requirements to be considered component units of the Commission.

Pursuant to the requirements of the Governmental Accounting Standards Board (GASB), the Commission is considered a related organization of the state of Missouri for financial reporting purposes. Accordingly, the Commission is included as a footnote disclosure in the state of Missouri's comprehensive annual financial report.

For financial reporting purposes, the Commission reports its operations as a single enterprise fund. Accordingly, the accounting records are maintained on the accrual basis of accounting and all interfund transactions are eliminated. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when the related liability is incurred. The Commission's financial statements are prepared using the flow of economic resources measurement focus. All assets and liabilities associated with the operation of the Commission are included on the balance sheet. The statement of revenues, expenses and changes in net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets.

Revenues and expense are typically divided into operating and nonoperating items. Operating revenues generally result from providing services in connection with the Commission's principal ongoing operations. The principal operating revenues of the Commission are derived from the investment income from loans and investments, financing fees, federal program funding and other charges related to providing financing for affordable housing through mortgage loans and grants. Operating expenses consists primarily of interest expense on bonds outstanding and federal program expenses. All revenues and expenses not meeting these definitions would be reported as nonoperating revenues and expenses. The Commission has no nonoperating activities.

The Commission follows all GASB pronouncements, as well as all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principal Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The Commission has elected not to apply the pronouncements of the Financial Accounting Standards Board issued after November 30, 1989 as prescribed by GASB Statement No. 20.

When both restricted and unrestricted resources are available for use, it is the Commission's policy to use restricted resources first, then unrestricted resourced as they are needed.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand and on deposit and temporary investments with an original maturity of three months or less.

Investments

As required by GASB Statement No. 31, *Accounting for and Financial Reporting for Certain Investments and External Investment Pools*, securities purchased under agreements to resell, U.S. government and agency securities, and mortgage-backed securities are reported at fair value as determined by the investment custodians utilizing prices quoted by securities dealers or brokers, investment bankers or statistical services on the valuation date. For the year ended June 30, 2008, the net increase in fair value of investments was $26,164,000. Without the recognition of this element of investment income, the Commission's change in net assets would have been $24,696,000.

Mortgage Investments

Proceeds from the sale of bonds are used to make or purchase mortgage loans and to purchase mortgage-backed securities guaranteed as to timely payment of principal and interest by the Governmental National Mortgage Association (GNMA), Fannie Mae or the Federal Home Loan Mortgage Corporation (FHLMC) and backed by pools of qualifying mortgage loans. Advances made on such loans during the construction period of related housing units are recorded as construction loans and are transferred to mortgage loans upon final endorsement after construction completion. Mortgage and construction loans are reported at cost, while GNMA, Fannie Mae and FHLMC mortgage-backed securities are reported at fair value as determined by external investment custodians and quoted market prices.

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoffs are reported at their outstanding principal balances adjusted for any charge-offs, the allowance for loan losses, any deferred fees or costs on originated loans and unamortized premiums or discounts on purchased loans. Interest income is reported on the interest method and includes amortization of net deferred loan fees and costs over the loan term. Generally, loans are evaluated for non-accrual status at 90 days past due and interest is considered a loss, unless the loan is well secured and in the process of collection.

Allowance for Loan Losses

The allowance for loan losses is for uninsured loans, Risk-Share loans and related accrued interest on such loans. The allowance is management's estimate of uncollectible loans and related accrued interest and is based on existing payment conditions, prior experience, and such other factors that, in management's opinion, require consideration. For financial statement presentation, the allowance for loan losses has been netted against the noncurrent portion of mortgage and construction loans.

Deferred Financing Charges

Costs of issuance of bonds are deferred and amortized over the life of the related issue using the outstanding bond method, which approximates the effective interest method.

Original Issue Discounts/Premiums

Costs of issuance of bonds are deferred and amortized over the life of the related issue using the outstanding bond method, which approximates the effective interest method.

Capital Assets

Capital assets consist of leasehold improvements, office furniture and equipment, which are stated at cost less accumulated depreciation. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets, which range from three to nine years. The Commission defines capital assets as assets with an initial, individual cost of more than $750 and an estimated useful life in excess of one year.

Arbitrage Rebate

Federal income tax rules limit the investment and loan yields which the Commission may retain for its own use from investing the proceeds of certain tax-exempt bond issues. The excess yields payable to the U.S. Treasury are included in accounts payable and are based on estimated calculations performed by an independent valuation specialist on an ongoing basis.

Net Assets

Net assets are classified as follows:

Invested in Capital Assets: This component of net assets consists of capital assets, net of accumulated depreciation and related debt. The Commission has no outstanding debt related to capital assets at June 30, 2008.

Restricted: This component of net assets consists of restrictions placed on net asset use through external constraints imposed by creditors, grantors, contributions, laws or regulations of other governments, bond resolution, or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted: This component of net assets consists of net assets that do not meet the definition of restricted or invested in capital assets.

Fees, Charges and Expenses

Deferred revenue consists primarily of tax credit fees and compliance monitoring fees that are recognized as income over the contractual periods.

Service and other fees and charges are recorded as income when earned and the associated administrative expenses are recorded as incurred.

Operating expenses identifiable to a particular program are charged directly to the program. All other operating expenses are accounted for by the Commission in the Operating Fund (see *Note 2*).

Federal Assistance and Grants

The Commission administers grants and federal assistance programs, representing "pass-through" financial assistance, on the behalf of secondary recipients. In accordance with GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance,* the Commission recognizes financial activity related to pass-through grants and financial assistance as revenues and expenses of the Commission.

Grants received from federal, state and local governments are recognized as operating revenue as the related expenditures are incurred in accordance with GASB No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions*.

Debt Refunding

For current refundings and advance refundings resulting in defeasance of debt reported by proprietary activities, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense over the remaining life of the old or new debt, whichever is shorter, using the bonds outstanding method. The deferred refunding amounts are classified as a component of bonds payable in the financial statements.

Note 2: Description of Funds or Programs

The following describes the funds or programs maintained by the Commission, all of which conform to Chapter 215 of the Missouri State Statutes and the respective bond resolutions.

Operating Fund

Funding of the Operating Fund on an ongoing basis is derived principally from allowable transfers from other funds, fees earned for administering various U.S. Department of Housing and Urban Development (HUD) programs, and interest income from Operating Fund investments and mortgage loans. Mortgage and construction loans in the Operating Fund are collateralized by deeds of trust on the related properties, including approximately $9,661,000 at June 30, 2008, which are insured by HUD or guaranteed by the Veterans Administration (VA). These insured loans include $4,281,000 at June 30, 2008, which are FHA-insured "Risk-Share Mortgage Loans," as described in *Note 4*. Authorized activities of the Operating Fund include the following:

- Payment of general and administrative expenses and other costs not payable by other funds of the Commission.
- Financing rental or homeownership residential housing units from accumulated fund balances, if financing of such units is not provided for under existing bond indentures.
- Those activities deemed necessary to fulfill the Commission's corporate purposes for which special funds are not established.

The Commission administers the Missouri Housing Trust Fund, which provides for a variety of housing needs, such as emergency home repair, emergency rent, mortgage or utility payments, acquisition, rehabilitation or new construction of transitional housing, and related services for very low-income families and seniors. The Missouri Housing Trust Fund is authorized by Section 215.034, RSMo and its financial activities are included in the financial statements of the Commission. In addition, separate financial statements for the Missouri Housing Trust Fund may be obtained through the Commission.

Rental Bond-Financed Program Fund

The Commission's Rental Bond-Financed Program Fund was established to account for the proceeds from the bond sales, debt service requirements, and the related mortgage loans and mortgage-backed securities on eligible rental developments. All loans, with the exception of most of the loans financed by conduit Rental Housing Revenue Bonds, are insured by HUD. Uninsured conduit loans, which totaled $111,755,000 at June 30, 2008, are financed by the borrowers with limited obligation revenue bonds which are denoted by "**" in *Note 5*.

Homeownership Bond-Financed Program Fund

The Commission's Homeownership Bond-Financed Program Fund was established to account for the proceeds from the sale of bonds, debt service requirements and the related mortgage loans and mortgage-backed securities on eligible owner-occupied units. All loans are either insured by the Federal Housing Administration or qualified private mortgage insurers or guaranteed by the VA.

Note 3: Cash and Investments

A summary of cash and investments as of June 30, 2008 is as follows *(in thousands)*:

	Cost	Fair Value
Cash	$ 20,847	$ 20,847
Money Market funds	34,836	34,836
Securities purchased under agreements to resell	55,633	55,633
U.S. Treasury bonds and notes and agency obligations	220,082	220,329
Guaranteed investment contracts	124,273	124,273
	$ 455,671	$ 455,918

Investment Policy

General

The Commission's Investment Policy and Guidelines are formalized in Resolution No. 925. This policy applies to investments that are not held by a trustee in connection with bond or note issues. This policy permits the Commission to invest in obligations of the state of Missouri, obligations of the United States of America, obligations issued or guaranteed by certain agencies of the federal government, certain collateralized repurchase agreements, and certificates of deposit. The general policy of the Commission is to make investments for future funding requirements and not for trading purposes. At June 30, 2008, all of the Commission's general investments (nonbond related investments) were in compliance with the Commission's Investment Policy and Guidelines.

Indentures

The Commission's Bond Indentures permit investments in the direct obligations of, or obligations guaranteed by, the United States of America, certificates of deposit, investment agreements and certain other investments permitted by applicable law. At June 30, 2008, all investments of debt-related issues held by the Commission's trustees were in compliance with the requirements of the Indentures.

As of June 30, 2008, the Commission had the following investments and maturities (amounts are in thousands):

		Investment Maturities (In Years)			
Investment Type	Fair Value	Less Than 1	1 - 5	6 - 10	More Than 10
Money market funds	$ 34,836	$ 34,836	$ -	$ -	$ -
Repurchase agreements	55,633	55,633	-	-	-
U.S. Treasury Securities	5,765	-	336	79	5,350
U.S. Agency Securities	214,564	33,460	108,341	72,763	-
Guaranteed investment contracts	124,273	1,909	47,971	1,630	72,763
	$ 435,071	$ 125,838	$ 156,648	$ 74,472	$ 78,113

The Commission's Investment Policy and Guidelines limit investments for general funds in repurchase agreements to 90 days and U.S. Treasury and U.S. Agency securities to 10 years. The demand repurchase agreement is collateralized by obligations of the United States of America or its agencies, and has a one-day demand of funds provision exercisable at the Commission's option. The bond resolutions and indentures allow for investments in obligations of the United States of America and investment agreements for the terms specified in these documents, generally 30 years.

At June 30, 2008, as reported at fair value the Commission's U.S. Agency Securities consist of $100,958,000 Federal Home Loan Bank (FHLB), $52,296,000 Federal Farm Credit Bank (FFCB), $31,140,000 FHLMC and $30,170,000 Fannie Mae debt securities.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates may adversely affect the fair value of investments. The Commission manages interest rate risk by structuring investment portfolios so that securities mature to meet cash requirements for ongoing operations and debt service obligations, thereby avoiding the need to sell securities on the open market prior to maturity.

Credit Risk

The Commission's investments in U.S. government agency securities and money market funds are rated in the highest rating category by Standard & Poor's (AAA) and Moody's Investor Services (Aaa). Repurchase agreements are unrated, but collateralized by U.S. Agency securities. Guaranteed investment contracts are unrated. The contracts generally contain "termination" clauses so the Commission may withdraw funds early if credit ratings deteriorate below specified levels and collateral or a guarantee is not provided.

Concentration of Credit Risk

The Commission places no limit on the amount the Commission may invest in any one issuer with respect to U.S. Treasury Securities and U.S. Government Agency Securities. Obligations of the state of Missouri and collateralized certificates of deposit are limited to 60% of the nonbond fund portfolio, each. Collateralized repurchase agreements are limited to 50% of the nonbond fund portfolio. The following table lists investments in issuers that represent 5% or more of total investments at June 30, 2008:

Issuer	Percent of Total Investments
NATIXIS Funding Corp Guaranteed Investment Contract	11.03%
DEPFA Bank Repurchase Agreements and Guaranteed Investment Contracts	9.51%
Federal Farm Credit Bank	12.02%
Federal Home Loan Bank	23.20%
Federal Home Loan Mortgage Corporation	7.16%
Fannie Mae	6.93%

Custodial Credit Risk

For investments, custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the Commission will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. In accordance with its policy, the Commission addresses custodial credit risk by pre-qualifying institutions with which the Commission places investments, diversifying its investment portfolio and maintaining a standard of quality for its investments.

Investments in U.S. government and agency securities are carried at fair value. At June 30, 2008, securities approximating $214,564,000 are uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the Commission's name.

For deposits, custodial credit risk is the risk that in the event of a bank failure, the Commission may not be able to recover its deposits. Protection of the Commission's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution, by a single collateral pool established by the financial institution, or by an irrevocable standby letter of credit issued by the Federal Home Loan Bank of Des Moines.

Note 4: Mortgage Investments

Mortgage investments reflected in the balance sheet consist of the following as of June 30, 2008 *(in thousands)*:

Total mortgage loan principal outstanding	$ 578,940
Less: Allowance for mortgage loan losses	(42,796)
Deferred origination and commitment fees	(3,501)
Mortgage loans, net	532,643
Total mortgage-backed securities, net, at cost	1,288,254
Unrealized loss on securitized mortgage loans	(25,998)
Mortgage-backed securities, at fair value, net	1,262,256
Mortgage Investments, net	$ 1,794,899

Mortgages include loans totaling $145,500,000 financed by the federal HOME Investment Partnership Program. A portion of these loans totaling $39,794,000 include prepayment terms allowing deferment or repayment based on net income of the multifamily developments. An estimated allowance for mortgage loan losses of $20,605,000 is attributable to this portfolio.

At June 30, 2008, deferred financing costs net of servicing release fees, of $32,401,000, have been netted with securitized mortgage loans which are ultimately recorded at fair value.

The Homeownership Bond-Financed Program generally requires that mortgage loans be made to borrowers whose household income does not exceed the statewide median income, based on family size. Section 143 of the Internal Revenue Code specifies certain requirements with respect to the nature of the residence, mortgage and eligibility of the borrower. The Homeownership Bond-Financed Program provides funding for mortgage loans that are FHA insured, VA guaranteed, USDA/RD guaranteed or Fannie Mae-qualified conventional loans.

The Rental Bond-Financed Program provides long-term financing for rental housing developments for occupancy by families and persons of low and moderate incomes. The Commission has entered into a Risk Sharing Agreement with the U.S. Department of Housing and Urban Development (HUD), which permits the Commission to participate in HUD's Risk-Share Program. In accordance with the terms of this agreement, HUD will insure certain mortgage loans on rental housing developments (FHA-insured "Risk-Share Mortgage Loans") and the Commission will underwrite the Risk-Share Mortgage Loans following its underwriting guidelines. HUD will insure the Risk-Share Mortgage Loans and will bear 50% of the risk and the Commission will bear the remaining 50% of the risk. The Commission had Risk-Share Mortgage Loans totaling $161,685,000 representing 56 loans, as of June 30, 2008.

The proceeds of the 1995 through 2008 Homeownership Bond-Financed Program, as well as proceeds of the Rental Housing Revenue Bonds and the Homeownership Mortgage Revenue Bonds as listed below, were used to purchase GNMA, Fannie Mae and FHLMC certificates collateralized by mortgage loans approved in accordance with the guidelines of the Commission's mortgage programs. The financing periods of the mortgage loans financed by the Homeownership and Rental Programs are 30 years. Mortgage-backed securities have repayments based on the underlying pooled mortgages and are subject to prepayment. The financing rates related to the mortgage-backed securities at June 30, 2008, are as follows:

Issue	Mortgage Rate	Certificate Rate
Rental Housing Revenue Bonds		
Series 1999	6.185%	5.185%
Series 2002 G	6.90%	6.65%
2005 Series I-A	5.85%	5.60%
Homeownership Mortgage Revenue Bonds		
Issue of November 1, 1986	8.25%	7.75%
1988 Series A	8.70%	8.20%
1988 Series B	8.80%	8.30%
1988 Series C	8.80%	8.30%
Homeownership Loan Program (1995 Indenture)		
1995 Series B	6.5%, 7.65%	6%, 7.15%
1995 Series C	7.75%	7.25%
1995 Series D	6.55%, 7.45%	6.05%, 6.95%
1996 Series A	7.72%	7.22%
1996 Series B	8%	7.50%
1996 Series C	7.87%	7.37%
1996 Series D	6.54%, 7.54%	6.04%, 7.04%
1997 Series A	6.3%, 6.85%, 7.85%	5.8%, 6.35%, 7.35%
1997 Series A-4	6.84%	6.34%
1997 Series B	6.31%, 7.31%	5.81%, 6.81%
1997 Series C	7.35%	6.85%
1998 Series B	6.1%, 7%, 7.35%	5.6%, 6.5%, 6.85%
1998 Series D	6.05%, 6.67%, 6.95%, 7%	5.55%, 6.17%, 6.45%, 6.5%
1998 Series E	5.9%, 6.67%	5.4%, 6.17%
1999 Series A	5.87%, 6.62%	5.37%, 6.12%

Issue	Mortgage Rate	Certificate Rate
Homeownership Loan Program (1995 Indenture) continued		
1999 Series B	6.25%, 7.1%	5.75%, 6.6%
1999 Series C	6.77%, 7.62%	6.27%, 7.12%
2000 Series A	7.03%, 7.93%	6.53%, 7.43%
2000 Series B	6.97%, 7.87%	6.47%, 7.37%
2000 Series C	6.6%, 7.5%	6.1%, 7%
2001 Series A	6.1%, 6.85%	5.6%, 6.35%
2001 Series B	6.16%, 6.91%	5.66%, 6.41%
2001 Series C	5.5%, 6.4%, 8.25%	5%, 5.9%, 7.75%
2002 Series A	6.05%, 6.84%	5.55%, 6.34%
2002 Series B	6.08%, 6.65%, 6.83%	5.58%, 6.15%, 6.33%
2002 Series C	5.2%, 6.1%, 6.79%	4.7%, 5.6%, 6.29%
2003 Series A	5.42%, 6.27%	4.92%, 5.77%
2003 Series B	5.25%, 5.85%, 6.09%, 7.45%	4.75%, 5.35%, 5.59%, 6.95%
2003 Series C	5.99%	5.49%
2003 Series D	5.08%, 6.08%	4.58%, 5.58%
2004 Series A	4.95%, 5.65%, 7.3%	4.45%, 5.15%, 6.8%
2004 Series B	5.9%, 5.95%, 6.6%	5.4%, 5.45%, 6.1%
2004 Series C	5.7%, 5.95%, 6.3%	5.2%, 5.45%, 5.8%
2004 Series D	5.875%	5.375%
2005 Series A	5.4%, 5.9%, 7.99%	4.9%, 5.4%, 7.49%
2005 Series B	5.6%, 6.1%	5.1%, 5.6%
2005 Series C	5.3%, 5.8%, 6.9%	4.8%, 5.3%, 6.4%
2005 Series D	5.6%, 6.125%	5.1%, 5.625%
2006 Series A	5.65%, 6.15%	5.15%, 5.65%
2006 Series B	5.75%, 6.25%	5.25%, 5.75%
2006 Series C	6%, 6.41%	5.5%, 5.91%
2006 Series D	6.3%, 6.71%	5.8%, 6.21%
2006 Series E	6.15%, 6.6%	5.65%, 6.1%
2007 Series A	5.9%, 6.35%	5.4%, 5.5%, 5.85%, 5.95%
2007 Series B	5.99%, 6.45%	5.49%, 5.59%, 5.95%, 6.05%
2007 Series C	5.95%, 6.4%	5.45%, 5.55%, 5.605%, 5.9%, 6%, 6.055%
2007 Series D	6.29%, 6.84%	5.79%, 5.945%, 6.34%, 6.495%
2007 Series E	6.04%, 6.49%	5.54%, 5.695%, 5.99%, 6.145%
2008 Series A	5.99%, 6.46%	5.49%, 5.645%, 5.96%, 6.115%

GNMA, Fannie Mae and FHLMC certificates, which are included in mortgage investment balances, are presented in the balance sheet at fair value in accordance with GASB Statement No. 31. As of June 30, 2008, the par value of securitized mortgage loans consist of 73.9% GNMA, 22.5% Fannie Mae and 3.6% FHLMC certificates. All other loans included in mortgage investments are carried at cost. The following summarizes the carrying value and cost of mortgage investments:

	Carrying Value	Cost
GNMA, Fannie Mae and FHLMC mortgage-backed securities	$ 1,262,256	$ 1,288,254
Other mortgage loans	575,439	575,439
	$ 1,837,695	$ 1,863,693

During 2008, the Commission realized a net gain of $1,302,000 from the sale of investments. The calculation of realized gains and losses is independent of the calculation of net change in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in fair value of investments reported in a prior year. The net increase in fair value was $26,164,000 in 2008. This amount takes into account all changes in fair value (including purchases and sales) that occurred during each respective year. The unrealized loss on investments held at June 30, 2008 was $25,750,000.

Note 5: Long-term Liabilities

The following is a summary of the changes in long-term liabilities for the year ended June 30, 2008 *(in thousands)*:

	Balance June 30, 2007	Increases	Decreases	Balance June 30, 2008	Amount Due Within One Year
Operating – notes payable	$ 2,040	$ -	$ (525)	$ 1,515	$ 515
Rental bond – financed program	340,090	14,170	(45,348)	308,912	59,436
Homeownership bond – financed program	1,257,896	247,490	(167,093)	1,338,293	16,893
Total bonds and notes payable	1,600,026	261,660	(212,966)	1,648,720	76,844
Unamortized premium, discount and deferred amount on refunding	37,999	5,663	(4,727)	38,935	3,920
Total bonds and notes payable, net	1,638,025	267,323	(217,693)	1,687,655	80,764
Deferred revenue	7,577	1,620	(864)	8,333	892
Total long-term debt and other obligations	$ 1,645,602	$ 268,943	$ (218,557)	$ 1,695,988	$ 81,656

The net proceeds of bond issues are used to provide financing for rental bond financed housing projects or for homeownership residential housing units. The bond proceeds are deposited with and invested by various bank trust departments in qualified investments until required for such financing. These bonds are obligations of the Commission and are not liabilities of the state of Missouri. A summary of bonds payable outstanding at June 30, 2008 follows *(in thousands)*:

	Original Amount Authorized	Outstanding
Rental Bond – Financed Program		
Series March 15, 1977 redeemed in 2008***	$ 30,000	$ -
Series June 1, 1988 (8.4% to 8.5%), due 2018 - 2029***	3,905	780
Series 1989A Wyatt Park (7.125% to 7.375%), due 2009 - 2030*	965	805
Series September 1, 1989 Westminster Place (9.25%), due 2030***	1,845	1,415
Series March 1, 1991 Longfellow Heights redeemed in 2008***	1,685	-
Series 1996A Truman Farm Villas (5.75% to 6.20%), due 2011 - 2028**	7,700	7,025
Series 1996A Brookstone Village (6.00% to 6.20%), due 2016 - 2028**	8,400	7,100
Series 1999 O'Fallon Place Apts. (4.30% to 5.25%), due 2008 - 2032*,**	6,710	5,845
Series 1999 The Mansion Apts. Phase II (6.125% to 6.170%), due 2022 - 2032**	6,730	6,200
Series 1999 East Hills Village Apts. (7.3%), due 2030**	2,750	2,560
2000 Series 1 (5.45% to 6.10%), due 2008 - 2031	11,540	9,900
2001 Series I (4.20% to 5.25%), due 2008 - 2027	21,780	6,600
2001 Series II (4.50% to 5.50%), due 2008 - 2023	46,360	9,195
2001 Series III (4.35% to 5.25%), due 2008 - 2021	22,850	1,685
2001 Series 1A (4.125% to 5.375%), due 2008 - 2033	7,300	4,810
2001 Series 2A (5.25% to 5.30%), due 2021 - 2032	3,800	3,425
Series 2002 G JB Hughes Apts. I & II (6.2% to 6.3%), due 2019 - 2037*,**	2,550	2,412
Series 2002 H JB Hughes Apts. I & II (6.9%), due 2038**	450	435
2002 Series 1 Bevo-Bavarian (5.30% to 5.55%), due 2017 - 2038	12,890	12,305
2002 Series 2 Columbia Square Townhomes (5.2% to 5.3%), due 2022 - 2034	4,440	3,460
2002 Series 4 Hawthorne Place Apts. (5.15% to 5.20%), due 2022 - 2034	20,505	13,910
2003 Series 1 Pevely Square Apts. (5.2% to 5.3%), due 2023 - 2034	5,105	2,545
2003 Series 2 Parkview Place Apts. (3.00% to 5.250%), due 2008 - 2035	5,715	4,930
2003 Series 3 Hyder Elderly Apts. (3.200% to 5.625%), due 2008 - 2040	3,965	3,820
2003 Series 4 Ridge Crest Apts. (4.60% to 5.45%), due 2013 - 2035	3,925	2,595
2003 Series 5 Kensington Heights Apts. (2.80% to 5.28%), due 2008 - 2040	5,075	4,875
2003 Series 6 Historic Ellison Apts. (2.55% to 5.00%), due 2008 - 2035	5,280	2,130
2003 Series 7 Autumn House/Jefferson Manor (4.3% to 5.1%), due 2013 - 2035	4,695	4,465
2003 Series 8 Stratford Commons (2.8% to 5.2%), due 2008 - 2035	4,385	2,170
2003 Series 9 Rural Development Apts. (4.35% to 5.10%), due 2013 - 2034	8,590	3,430
Total forward	271,890	130,827

	Original Amount Authorized	Outstanding
Total forward	$ 271,890	$ 130,827
Rental Bond – Financed Program *(Continued)*		
2003 Series 10 Hidden Valley Apts. (2.9% to 5.1%), due 2008 - 2036	10,880	10,435
2004 Series 1 Hickory Townhomes (4.05% to 4.95%), due 2018 - 2036	3,160	3,035
2004 Series 2 Winter Garden Apts. (2.60% to 4.95%), due 2008 - 2035	4,190	3,970
2004 Series 3 Woodlen Place Apts. (5.10% to 5.33%), due 2018 - 2035	1,800	1,295
2004 Series 4 Festus Gardens Apts. (5.25%), due 2036	5,990	4,310
2004 Series 5 FP-San Remo Apts. (3.80% to 5.45%), due 2009 - 2036	3,785	2,275
2004 Series 6 Allen Market Lane Apts. (4.70% to 5.15%), due 2018 - 2036	6,735	3,555
Series 2004 Bridgeport Apts. (6.6%), due 2041**	6,580	6,504
2005 Series 1 St. Louis Brewery Apts. (4.5% to 4.9%), due 2020 - 2036	8,125	3,400
2005 Series 2 Meadowglen Apts. (3.00% to 4.85%), due 2008 - 2042	8,540	6,940
2005 Series 3 Olde Oak Tree & Landmark Towers (4.15% to 4.80%), due 2016 - 2036	6,520	5,960
2005 Series 4 Park Place Apts. (3.2% to 4.7%), due 2008 - 2037	10,330	10,090
2005 Series 5 Hawkins Village Apts. (3.50% to 5.00%), due 2008 - 2042	5,335	5,235
2005 Series 6 Ivanhoe Gardens Apts. (3.500% to 4.875%), due 2008 - 2036	4,240	2,585
2005 Series I-A and I-B Lakewood Apts. (5.25%), due 2035*,**	2,750	1,400
2005 Series II ChapelRidge of St. Joseph (6.3%), due 2047 **	7,150	7,113
2005 Series III ChapelRidge of Union (6.4%), due 2047**	6,375	6,343
2005 Series IV ChapelRidge of Blue Springs (6.4%), due 2047**	9,800	9,773
2006 Series 1 Meadow Ridge Townhouses (3.7% to 5.0%), due 2008 - 2037	6,360	3,330
2006 Series 2 Ashley Park Apts. (3.625% to 4.875%), due 2008 - 2037	7,290	6,505
2006 Series 3 Eureka & Wendell Apts. (3.75% to 5.00%), due 2008 - 2047	3,165	3,135
2006 Series 4 Justin Place Apts. (3.90% to 5.00%), due 2008 - 2042	5,640	2,255
2006 Series 5 Metropolitan Village Apts. (3.9% to 5.0%), due 2008 - 2038	5,960	5,960
2006 Series I Bainbridge Apts. (5.75%), due 2010 - 2016**	15,046	13,822
2006 Series II Georgian Court Apts. (5.75%), due 2016 - 2048**	8,721	2,442
2006 Series III Linda Vista Apts. (5.75%), due 2016 - 2048**	5,329	1,176
2006 Series IV Washington Apts. (4.992% to 6.568%), due 2024**	7,500	2,870
2006 Series V Lost Tree South Apts. (6.244%), due 2026**	4,400	3,185
2006 Series VI Mill Pond Apts. (variable rate), due 2009**	3,500	3,500
2006 Series VII Cedar Tree Apts. (5.73%), due 2026**	2,500	1,790
2006 Series VIII Elmwood Estates Apts. (5.73%), due 2026**	3,200	2,734
2006 Series IX Catalpa Tree Apts. (5.73%), due 2026**	1,800	1,333
2006 Series X Center Apts. (5.73%), due 2026**	1,900	1,239
2007 Series 1 Linden Campus Apts. (3.85% to 4.70%), due 2008 - 2048	3,980	3,980
2007 Series I Park Ridge Apts. (5.665%), due 2039**	12,000	12,000
2007 Series II Mexico I Apts. (5.88%), due 2026**	1,100	689
2007 Series III Princeton Manor Apts. (6.35% and variable rate), due 2009 - 2027**	2,152	2,152
Total forward	485,718	299,142

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	Original Amount Authorized	Outstanding
Total forward	$ 485,718	$ 299,142
Rental Bond – Financed Program *(Continued)*		
2007 Series IV Oakwood Terrace Apts. (variable rate), due 2009 - 2027**	970	970
2007 Series V Westside Apts. (variable rate), due 2009 - 2027**	2,400	2,400
2007 Series VI Longfellow Apts. (variable rate to 6.0%), due 2040**	6,400	6,400
	495,488	308,912
Less: Unamortized debt discount	-	(173)
Add: Unamortized debt premium	-	32
Less: Deferred amount on refunding	-	(465)
	495,488	308,306
Homeownership Bond – Financed Program		
September 1, 1991 Series B redeemed in 2008***	18,200	-
1995 Series B (5.80% to 6.45%), due 2008 - 2027*	30,000	2,235
1995 Series C (5.375% to 7.250%), due 2015 - 2026*	30,000	185
1995 Series D redeemed in 2008*	16,800	-
1996 Series A (5.40% to 7.20%), due 2013 - 2027*	41,000	300
1996 Series C (5.50% to 7.45%), due 2008 - 2027*	32,925	370
1996 Series D (5.40% to 7.10%), due 2008 - 2028*	46,640	1,450
1997 Series A-4 (5.00% to 5.65%), due 2008 - 2029*	10,000	250
1997 Series B (5.20% to 6.85%), due 2008 - 2029*	64,500	4,315
1997 Series C (5.00% to 6.85%), due 2008 - 2029*	55,625	2,605
1998 Series B (4.80% to 6.40%), due 2008 - 2029*	70,000	5,295
1998 Series D (4.70% to 6.50%), due 2008 - 2029*	70,000	5,535
1998 Series E (4.55% to 6.45%), due 2008 - 2029*	50,000	4,731
1999 Series I (5.10%), due 2030	5,095	585
1999 Series A (4.45% to 6.30%), due 2008 - 2030*	75,000	8,965
1999 Series B (5.00% to 6.70%), due 2008 - 2030*	75,000	6,405
1999 Series C (5.15% to 6.95%), due 2008 - 2030*	75,000	5,530
2000 Series A (5.60% to 7.77%), due 2008 - 2031*	98,135	4,835
2000 Series B (5.60% to 7.45%), due 2008 - 2031*	70,000	4,780
2000 Series C (5.10% to 7.15%), due 2008 - 2032*	84,390	8,215
2001 Series A (4.40% to 6.35%), due 2008 - 2033*	100,000	15,845
2001 Series B (4.50% to 6.85%), due 2008 - 2033*	70,000	12,205
2001 Series C (3.95% to 6.23%), due 2008 - 2033*	46,490	13,265
2002 Series A (4.25% to 6.75%), due 2008 - 2034*	45,000	9,245
2002 Series B (4.00% to 6.66%), due 2008 - 2034*	80,000	18,070
2002 Series C (3.2% to 6.0%), due 2008 - 2034*	80,000	27,180
2003 Series A (3.125% to 5.780%), due 2008 - 2035*	50,000	21,850
Total forward	1,489,800	184,246

	Original Amount Authorized	Outstanding
Total forward	$ 1,489,800	$ 184,246
Homeownership Bond – Financed Program *(Continued)*		
2003 Series B (2.900% to 5.375%), due 2008 - 2034*	78,795	35,910
2003 Series C (2.80% to 5.35%), due 2008 - 2034*	60,000	34,195
2003 Series D (2.75% to 5.55%), due 2008 - 2034*	70,000	36,985
2004 Series A (2.60% to 5.15%), due 2008 - 2035*	57,280	38,435
2004 Series B (3.80% to 6.35%), due 2008 - 2035*	60,000	34,180
2004 Series C (3.25% to 6.00%), due 2008 - 2035*	60,000	41,875
2004 Series D (2.70% to 5.50%), due 2008 - 2035*	40,000	30,190
2005 Series A (3.05% to 5.90%), due 2008 - 2036*	54,680	41,671
2005 Series B (3.35% to 5.80%), due 2008 - 2036*	75,000	62,480
2005 Series C (3.25% to 5.60%), due 2008 - 2036*	68,000	57,180
2005 Series D (3.5% to 6.0%), due 2008 - 2036*	50,000	43,770
2006 Series A (3.5% to 6.0%), due 2008 - 2037*	50,000	45,835
2006 Series B (3.70% to 6.05%), due 2008 - 2037*	100,000	92,185
2006 Series C (3.80% to 5.90%), due 2008 - 2037*	60,000	57,070
2006 Series D (4.95% to 6.15%), due 2008 - 2037*	70,000	66,065
2006 Series E (5.42% to 5.88%), due 2016 - 2037*	40,000	38,905
2007 Series A (4.625% to 6.00%), due 2008 - 2038*	50,000	48,990
2007 Series B (5.04% to 5.78%), due 2017 - 2038*	35,000	34,155
Draw Down Series 2007A (variable), due 2009	100,000	47,971
2007 Series C (4.70% to 6.25%), due 2008 - 2038*	100,000	100,000
2007 Series D (4.70% to 6.50%), due 2008 - 2038*	50,000	50,000
2007 Series E (4.50% to 5.60%), due 2009 - 2038*	66,000	66,000
2008 Series A (2.50% to 5.70%), due 2009 - 2039*	50,000	50,000
	2,934,555	1,338,293
Less: Unamortized debt discount	-	-
Add: Unamortized debt premium	-	40,422
Less: Deferred amount on refunding	-	(881)
	2,934,555	1,377,834
Total	$ 3,430,043	$ 1,686,140

The proceeds of bond issues denoted by "*" are used to purchase GNMA, Fannie Mae and FHLMC mortgage-backed securities, which are backed by mortgage loans originated through the Commission's loan programs.

The proceeds of bond issues denoted by "**" are used to provide financing for multifamily rental housing projects. These bonds are limited obligation, conduit debt issued by the Commission, payable solely from and secured by a loan agreement between the Commission and the borrower. The total aggregate amount of conduit debt outstanding was $121,412,000 at June 30, 2008.

The bond issues denoted by "***" are general obligation bonds. All other bond issues are revenue bonds and conduit debt as described previously.

During the fiscal year ended June 30, 2008, the Commission repurchased or redeemed, prior to their scheduled maturity, the principal amount of certain of its bonds. Net gains of $2,212,000 for the year ended June 30, 2008, on early extinguishment of debt have been recorded and included with other income. These gains arise as a result of immediate recognition of deferred bond issuance costs, bond discounts or premiums that would have been amortized over the life of the applicable bond issue if not retired, and call premiums as required by the applicable bond indentures. Certain redemptions resulted from current refundings consummated through issuance of the Commission's Draw Down Series 2007A, which is authorized for a maximum issuance amount of $100,000,000 and had cumulative draw downs of $81,490,000 during the fiscal year ended June 30, 2008. Due to the short-term nature of the Draw Down Series 2007A, there is no economic gain or loss and the difference between the reacquisition price and the net carrying amount of the old debt was recognized in current income. As of June 30, 2008 $47,971,000 in proceeds from this bond issue are outstanding and included in restricted temporary cash investments and restricted investments. The bonds are issued at par value bearing variable interest equal to the Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index for tax-exempt weekly variable rate demand bonds plus 0.65%, subject to certain minimum and maximum rates. On June 30, 2008, the interest rate on the Draw Down Series 2007A bonds was 2.27%.

All bonds have early redemption provisions. A summary of future annual scheduled principal and interest maturities, which excludes unamortized debt discounts and premiums, follows *(in thousands)*:

Bonds Maturing During Years Ending June 30,	Principal	Interest	Total
2009	$ 76,329	$ 79,139	$ 155,468
2010	26,658	78,318	104,976
2011	18,026	76,970	94,996
2012	18,758	76,243	95,001
2013	18,872	75,487	94,359
2014 - 2018	88,222	365,946	454,168
2019 - 2023	90,311	347,401	437,712
2024 - 2028	167,938	317,937	485,875
2029 - 2033	242,431	275,824	518,255
2034 - 2038	744,856	161,643	906,499
2039 - 2043	142,472	6,921	149,393
2044 - 2048	8,628	532	9,160
2049 - 2052	3,704	22	3,726
	$ 1,647,205	$ 1,862,383	$ 3,509,588

In addition to bonds payable, at June 30, 2008, the Commission had fixed rate notes payable totaling $1,515,000. The fixed rate notes pay monthly interest with a final principal balloon payment due at maturity as follows *(in thousands)*:

Maturity Date	Interest Rate	Principal	Interest	Total
2009	3.10%	$ 515	$ 47	$ 562
2010	3.40%	500	30	530
2011	3.64%	500	12	512
		$ 1,515	$ 89	$ 1,604

Note 6: Escrow Deposits and Rent Subsidies Payable

Escrow deposits represent funds paid by project mortgagees for real estate taxes, insurance, future replacement of property and other costs.

Rent subsidies payable represent funds received from HUD for payment of rent subsidies to participants in the Housing Assistance Programs and for other programs.

Such funds held by the Commission are included in restricted cash, restricted temporary cash investments and restricted investments.

Note 7: Restrictions and Designations

Restricted Cash and Investments

Substantially all of the assets of each bond program of the Commission are pledged as collateral for the payment of principal and interest on bond indebtedness of that program. Therefore, all related bond program assets of the Commission that are pledged as collateral are treated as restricted and noncurrent. The obligations of the Commission are not obligations of the State, and the State is not liable for such obligations. The Trust Indentures between the Commission and the Trustees establish special accounts for the segregation of assets and restrictions of the use of bond proceeds and certain other funds received.

Resolutions of the Commission require that, to the extent funds are available in the general account of each bond fund, they are to be transferred to a debt service account on a periodic basis, from the date of bond issuance to the date of each succeeding maturity, sufficient to make principal and interest payments on the bonds as they become due. Funds within the general account of each bond fund are on deposit in restricted accounts.

In addition, the statute and resolutions of the Commission require that for certain bond issues an amount be maintained in reserve accounts to be used to make principal and interest payments on payment due dates. Such amounts are on deposits in restricted accounts for the various issues within the Rental Bond-Financed and Homeownership Bond-Financed Programs.

As of June 30, 2008, the assets of all accounts equaled or exceeded the requirements as established by the Trust Indentures. Such assets are restricted as follows:

Program and Construction Funds – rental assistance, construction escrows, and other restricted funds	$	70,884
Mortgage Escrow Accounts – insurance, taxes, replacement reserves and other mortgage escrows		66,917
Federal Program Funds		1,266
Missouri Housing Trust Fund		5,969
Bond Proceeds Accounts – funds for purchase of qualified mortgage-backed securities or mortgage loans and payment of cost of issuance		13,923
Revenue and Debt Service Funds – program revenues for debt services payments		173,896
Debt Service and Other Bond Reserve Accounts – reserves held as required by bond indentures, including: debt service reserves, mortgage reserves and capitalized interest		15,451
	$	348,306

Restricted Net Assets

Pursuant to certain bond resolutions, the Commission has restricted the net assets of the Rental Bond-Financed Mortgage Program and the Homeownership Bond-Financed Program to maintain a level of reserves necessary to provide sound fiscal operations. In addition, net assets associated with the federal grant agreements of the HOME Investment Partnership Program and Rural Housing and Economic Development are restricted. In fiscal year 1997, the Commission acquired a portfolio of loans from HUD. Revenues collected from these HUD purchased loans are restricted by an agreement between the Commission and HUD to be used primarily for rehabilitation loans or grants.

Pursuant to State Statute, the Commission has restricted the amount of net assets representing revenues over expenses related to the financial activity of the Missouri Housing Trust Fund. The Missouri Housing Trust Fund is authorized by Section 215.034, RSMo. Revenues of the Missouri Housing Trust Fund are restricted to programs that financially assist, through loans or grants, the development of housing stock and that provide housing assistance to persons and families with incomes at or below specified levels.

Below is a summary of restricted net assets by bond resolution and State Statute as of June 30, 2008 *(in thousands)*:

Restricted Net Assets		
Restricted by bond resolution	$	78,615
Restricted by Grant Agreement – HOME Investment Partnership Program		125,153
Restricted by Grant Agreement – Rural Housing and Economic Development		309
Restricted earnings of HUD purchased Loans		9,274
Restricted by State Statute – Missouri Housing Trust Fund		6,215
Total restricted net assets	$	219,566

Commission Designated Net Assets

The Commission's board of commissioners has designated certain unrestricted assets for its affordable housing programs. The board of commissioners has the discretion to reverse any designated net assets and as of June 30, 2008, has designated the following amounts *(in thousands)*:

Designated as Restricted By Commission		
Tenant assistance	$	50,895
Loans not funded by a bond sale		103,073
Loan commitments not yet disbursed		11,628
Reserves committed to Home Improvement and Multifamily interest subsidy program		5,164
Reserves committed to Single Family Forward Delivery Program		15,000
Reserves committed to Single Family Cash Assistance Program		9,000
Reserved for Rural Initiative Program		957
Total Commission designated	$	195,717

Note 8: Pension Plan

All Commission employees participate in the Missouri State Employees' Plan (MSEP). This plan is a single-employer public employee defined benefit plan in which the Commission participates under a special cost-sharing multiple employer arrangement. The plan is administered by the Missouri State Employees' Retirement System (MOSERS). MSEP provides retirement, death and disability benefits to its members. As established by Missouri State Statutes, responsibility for the operation and administration of MSEP is vested in the Missouri State Employees Retirement System Board of Trustees. MOSERS issues a publicly available financial report that includes financial statements and required supplementary information for MSEP. That report may be obtained by writing to the Missouri State Employees Retirement System, P.O. Box 209, Jefferson City, Missouri 65102, or by calling 1-800-827-1063.

Covered employees do not contribute toward MSEP. The employer is required to contribute at an actuarially determined rate. The contribution requirements for the years ended June 30, 2008, 2007, and 2006 was $718,000, $695,000, and $647,000 respectively, of which the Commission contributed 100%. These contributions represent 12.8%, 12.7%, and 12.4% of total salaries during 2008, 2007 and 2006, respectively. These contributions are expensed by the Commission when incurred.

The annual required contributions for MSEP for the current year was determined as part of an actuarial valuation of MSEP as of June 30, 2007 using the entry age normal actuarial cost method. Significant actuarial assumptions used in the valuation for MSEP includes (a) rate of return on the investment of present and future assets of 8.5% per year compounded annually, (b) projected salary increases of 4% per year annually, attributable to inflation, (c) additional projected salary increases ranging from 0% to 2.7% per year for MSEP, depending on age, attributable to seniority and/or merit and (d) the assumption that benefits will increase between 2.8% and 4% per year after retirement. The actuarial value of assets is based on a method that fully recognizes expected investment returns and averages unanticipated market returns over a five-year period.

As determined in accordance with GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, the Commission has no pension liability, as required contributions are paid when due. This treatment is consistent with prior years.

Note 9: Other Postemployment Benefits

In addition to the retirement benefits described in *Note 8*, the state of Missouri (the State) provides postemployment health care and life insurance benefits, in accordance with state statutes, to eligible Commission employees who retire and elect to participate. These health care benefits are administered by the Missouri Consolidated Health Care Plan (MCHCP). This plan is a single-employer defined benefit plan in which the Commission participates under a special cost-sharing multiple employer arrangement. MCHCP issues a publicly available financial report that includes financial statements and required supplementary information for MCHCP. That report may be obtained by writing to the Missouri Consolidated Healthcare Plan, 832 Weathered Rock Court, PO Box 104355, Jefferson City, Missouri 65110-4355, or on their website at www.mchcp.org. There are currently 5 Commission retirees enrolled for health care benefits. The life insurance benefits are administered by the Missouri State Employees' Retirement System (MOSERS). The eligible number of retirees for MOSERS for life insurance benefits is 32. Health care benefits are funded through both employer and retiree contributions. MOSERS life insurance benefits are funded through employer contributions. Insurance policies are purchased for life insurance benefits and are the liability of the insurance carrier. For each year of retirees' service, the State will pay 2.5% of the monthly health care premium, up to a maximum of 75%, subject to State appropriation. The retiree pays the balance of the premiums. To fund the State's portion, effective July 2007, the State assesses a charge of 4.30% of total employee salary at the Commission. The charge assessed is independent of how many retirees the Commission may have receiving benefits. Expenses for postretirement health care benefits charged to the Commission by the State are recognized when incurred. During fiscal year 2008, 2007, and 2006, expenses of approximately $244,000, $200,000, and $172,000 were recognized for postretirement health care benefits, respectively, which represents 100% of the required amount.

Note 10: Commitments and Contingencies

The Commission rents office space in Kansas City, Missouri in accordance with a 10-year lease, which is accounted for as an operating lease and can be extended at the option of the Commission for two successive five-year periods.

The Commission rents office space in St. Louis, Missouri in accordance with a 10-year lease, which is accounted for as an operating lease.

Lease expenditures for the year ended June 30, 2008 were $863,000. Future minimum lease payments for these leases are as follows *(in thousands)*:

Year	Amount
2009	$ 734
2010	742
2011	766
2012	544
2013	290
2014 - 2017	937
	$ 4,013

The Commission is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Commission carries commercial insurance. The Commission has not had any insurance settlements in any of the last three years.

The Commission participates in the state of Missouri self-insured workers' compensation program. The Commission is assessed the actual costs of claims incurred, which were nominal in fiscal year 2008.

The Commission is also subject to additional audits, as deemed necessary by its federal grantor agencies, of the Commission's grant programs that may result in disallowed costs to the Commission. However, the Commission's management does not believe such audits would result in any disallowed costs that would be material to the Commission's financial position at June 30, 2008.

The Commission is a participant in the financial industry through its on-going contractual arrangements with financial institutions such as investment banks, commercial banks and investment agreement providers. In the current financial environment, it is possible that a financial institution could have financial difficulty in the near term that could impact its ability to honor its contractual obligations, which could negatively impact the financial condition of the Commission.

Note 11: Restatement of Beginning Net Assets

During 2008, the Commission retroactively changed its accounting methods as described below, which increased beginning of the year restricted net assets by $92,209,000, net and unrestricted net assets by $3,707,000.

During 2008, the Commission capitalized restricted loans financed by the federal HOME Investment Partnership Program. These loans totaled $119,628,000 net of an allowance for loan losses of $19,935,000. The Commission also capitalized unrestricted single-family second position mortgage loans totaling $3,873,000. An estimated allowance for loan losses of $611,000 related to this portfolio was recorded. In addition, the Commission capitalized prior years' unrestricted loan origination costs of $445,000.

During 2008, the Commission changed its accounting method to include deferred financing costs, net of servicing release fees, of $28,369,000 as a cost component of its restricted securitized mortgage loans, which are reported at fair value.

During 2008, the Commission recognized $950,000 in prior year's HOME Investment Partnership Program income, changing its accounting method to recognize such income in restricted net assets.

Note 12: Subsequent Events

The Commission's 2006 Series I conduit multifamily housing revenue bonds totaling $13,946,000 were funded during fiscal years 2006 and 2007. Remaining bonds in the amount of $1,100,000 are anticipated to close in fiscal year 2009.

Prior to June 30, 2008, the Commission authorized single-family Draw Down Series 2008A bonds in the amount of $100,000,000. During August and September 2008 a total of $59,549,000 of these bonds were closed. It is anticipated that during fiscal year 2009, the remaining bonds will be closed and will not exceed $40,451,000. The Draw Down Series 2007A bonds were fully redeemed subsequent to June 30, 2008.

In addition, during fiscal year 2008 the Commission authorized Single Family Mortgage Revenue Bonds (Homeownership Loan Program), 2008 Series B. In accordance with this authorization, bonds totaling $65,000,000 were issued in July and delivered in August 2008.

In May 2008, the Commission approved Resolution No. 996 authorizing private placement sale of taxable Single Family Mortgage Revenue Bonds (Homeownership Loan Program). It is expected that these bonds will be issued during fiscal year 2009 and will not exceed $75,000,000.

Supplementary Information

Missouri Housing Development Commission

Combining Balance Sheet

June 30, 2008

(In Thousands)

	Operating	Rental Bond-Financed Program	Homeownership Bond-Financed Program	Total
Assets				
Current Assets				
Cash and temporary cash investments	$ 2,757	$ -	$ -	$ 2,757
Investments	24,694	-	-	24,694
Mortgage investments	4,295	-	-	4,295
Accrued interest receivable	2,218	-	-	2,218
Accounts receivable – other	272	-	-	272
Prepaid expenses	50	-	-	50
Total current assets	34,286	-	-	34,286
Noncurrent Assets				
Restricted assets				
Cash and temporary cash investments	12,376	21,406	19,144	52,926
Investments	67,573	70,974	156,833	295,380
Mortgage investments	148,489	301,632	1,261,133	1,711,254
Accrued interest receivable	200	1,215	7,387	8,802
Deferred financing charges	-	173	12,022	12,195
Accounts receivable – other	-	43	-	43
Total restricted assets	228,638	395,443	1,456,519	2,080,600
Investments	80,161	-	-	80,161
Mortgage investments, net of current portion allowances for loan losses of $42,796	79,350	-	-	79,350
Capital assets, less accumulated depreciation of $1,156	771	-	-	771
Total noncurrent assets	388,920	395,443	1,456,519	2,240,882
Total assets	$ 423,206	$ 395,443	$ 1,456,519	$ 2,275,168

	Operating	Rental Bond-Financed Program	Homeownership Bond-Financed Program	Total
Liabilities and Net Assets				
Current Liabilities				
Bonds and notes payable	$ 515	$ -	$ -	$ 515
Accounts payable	777	-	-	777
Deferred revenue	892	-	-	892
Total current liabilities	2,184	-	-	2,184
Current Liabilities – Payable From Restricted Assets				
Bonds and notes payable	-	16,823	63,426	80,249
Accrued interest payable	-	4,294	23,000	27,294
Escrow deposits	5,852	59,079	-	64,931
Rent subsidies and other payables	793	-	-	793
Accounts payable	-	237	597	834
Total current liabilities – payable from restricted assets	6,645	80,433	87,023	174,101
Noncurrent Liabilities				
Bonds and notes payable	1,000	-	-	1,000
Deferred revenue	7,441	-	-	7,441
Payable from restricted assets				
Bonds and notes payable	-	291,483	1,314,408	1,605,891
Total noncurrent liabilities	8,441	291,483	1,314,408	1,614,332
Total liabilities	17,270	371,916	1,401,431	1,790,617
Net Assets				
Invested in capital assets	771	-	-	771
Restricted	140,951	23,527	55,088	219,566
Unrestricted	264,214	-	-	264,214
Total net assets	405,936	23,527	55,088	484,551
Total liabilities and net assets	$ 423,206	$ 395,443	$ 1,456,519	$2,275,168

Missouri Housing Development Commission

Combining Statement of Revenues, Expenses and Changes in Net Assets

Year Ended June 30, 2008

(In Thousands)

	Operating	Rental Bond-Financed Program	Homeownership Bond-Financed Program	Total
Operating Revenues				
Interest and investment income				
Income – mortgage investments	$ 5,557	$ 12,493	$ 65,753	$ 83,803
Income – investments	8,164	1,670	8,193	18,027
Net increase in fair value of investments	2,512	1,524	22,128	26,164
Total interest and investment income	16,233	15,687	96,074	127,994
Administration fees	6,945	-	-	6,945
Other income	7,403	(140)	2,358	9,621
Federal program income	120,811	-	-	120,811
Total operating revenues	151,392	15,547	98,432	265,371
Operating Expenses				
Interest expense on bonds	62	10,065	68,665	78,792
Bank miscellaneous bond debt expense	72	125	168	365
Compensation	8,097	-	-	8,097
General and administrative expenses	3,852	-	-	3,852
Provision for loan and real estate owned losses	745	-	-	745
Rent and other subsidy payments	1,667	-	-	1,667
Housing Trust Fund grants	4,266	-	-	4,266
Federal program expenses	116,727	-	-	116,727
Total operating expenses	135,488	10,190	68,833	214,511
Change in Net Assets	15,904	5,357	29,599	50,860
Net Assets, Beginning of Year, as Previously Reported	240,510	41,817	55,448	337,775
Adjustments applicable to prior years	124,199	86	(28,369)	95,916
Net Assets, Beginning of Year, as Restated	364,709	41,903	27,079	433,691
Interfund Transfers	25,323	(23,733)	(1,590)	-
Net Assets, End of Year	$ 405,936	$ 23,527	$ 55,088	$ 484,551